

LONG TERM FIXED INCOME

FACT SHEET | June 30, 2019

Performance¹

Periods Ended 6/30/19 (%)	QTD	YTD	Annualized Returns			
			1 Year	3 Years	5 Years	10 Years
Long Term Fixed Income (gross)	6.55	13.42	14.20	4.33	5.97	8.06
Long Term Fixed Income (net)	6.50	13.30	13.92	4.03	5.61	7.63
BBgBarc U.S. Long G/C Index ⁴	6.59	13.46	13.82	3.76	5.68	7.62
Calendar Year (%)	2018	2017	2016	2015	2014	2013
Long Term Fixed Income (gross)	-4.43	0.12	0.08	-0.03	0.18	-0.08
Long Term Fixed Income (net)	-4.72	0.11	0.07	-0.04	0.17	-0.08
BBgBarc U.S. Long G/C Index ⁴	-4.68	0.11	0.07	-0.03	0.19	-0.09

Segall Bryant & Hamill acquired Denver Investment Advisors LLC on 4/30/2018. Performance results before this date reflect returns generated by the portfolio managers at Denver Investment Advisors LLC.

Portfolio Characteristics²

	Long Term Fixed Income	BBgBarc U.S. Long G/C ⁴
Effective Duration	17.19 years	17.21 years
Effective Maturity	24.98 years	24.01 years
Effective Yield	3.21%	3.24%
Coupon	3.05%	3.03%
Average Credit Quality	Aa3	Aa3

Sector Allocation²

	Long Term Fixed Income	BBgBarc U.S. Long G/C ⁴
Treasury	23.9	51.2
U.S. Agencies	0.0	1.6
Corporate Credit	63.5	40.7
Non-Corporate	0.0	6.6
Securitized	11.0	0.0
Cash & Equivalents	1.7	0.0

Corporate Allocation²

	Long Term Fixed Income	BBgBarc U.S. Long G/C ⁴
Financial	16.5	10.1
Industrial	36.1	26.8
Utility	10.9	3.8

¹Data is based on firm's Long Term Fixed Income composite. Past performance does not guarantee future results and future performance may be lower or higher than the performance presented. See Performance Disclosure for additional performance information.

²Information presented is for a representative portfolio which is an account in the composite that we believe most closely reflects current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative portfolio. The information of the representative portfolio shown may differ from that of the composite and of the other accounts in the composite. Information on this page is considered supplemental information to the Performance Disclosure. Weights may not sum to 100% due to rounding.

³The rating information reflects the Standard & Poor's equivalent rating category for the highest credit-quality rating assigned by either Standard & Poor's or Moody's ratings.

⁴Source: CMS BondEdge

⁵Standard Deviation statistic based on monthly data. Three years. Source: eVestment Alliance.

Quality Detail^{2,3}

% of portfolio	Long Term Fixed Income	BBgBarc U.S. Long G/C ⁴
AAA	27.6	45.8
AA	18.8	5.3
A	42.4	20.0
BBB	11.0	29.0
BB & Below	0.0	0.0

Duration Distribution^{2,4}

% of securities	Long Term Fixed Income	BBgBarc U.S. Long G/C ⁴
0 - 1 year	0.0	0.0
1 - 3 years	0.0	0.0
4 - 6 years	0.0	0.0
6 - 8 years	0.0	0.5
8+ years	100.0	99.5

Manager commentary for the quarter ended June 30, 2019²

Quarter in Review

In the second quarter, global bond yields dropped sharply with weaker economic data and dovish stances by global central banks to protect the current expansion. The Federal Reserve gave indications that lower short term interest rates are now imminent as its rate hiking cycle pauses before a new rate reduction cycle begins. The European Central Bank continued to promote its current easing policies as both growth and inflation have turned down in Europe. As a result of the actions of the global central banks, the amount of negative yielding debt has grown to \$13 trillion. This lack of available income made U.S. fixed income securities very attractive to global investors which drove strong inflows into U.S. credit markets. The search for income was further reflected in tighter credit spreads for investment grade securities. In addition, and given uncertainties around trade wars, geo-political tensions, and market volatility, investors were looking for the safety of high quality fixed income securities. Index returns were solidly positive driven by lower interest rates and very good performance from credit securities. Investment grade

Economic Outlook and Positioning

The stock market seems to be projecting a much different outlook for the U.S. economy than the U.S. Treasury market as the inverted yield curve contrasts with the optimism of the equity markets, which hit all-time highs toward the end of the quarter. The current environment of low interest rates and relatively tight credit spreads has allowed the strategy to rotate further into higher quality fixed income securities while maintaining its solid income advantage.

We have constructed the strategy with high quality securities from sectors and issues that we believe many investors have overlooked. We believe a rigorous bottom-up credit selection process and focus on fixed income market inefficiencies is particularly valuable at this point in the credit cycle, when it is critically important to assess valuations and to differentiate creditworthiness and the long-term stability of each holding. Recognizing we are late in the credit cycle and increased volatility is likely to be with us for some time, we have increased our focus on quality and liquidity to mitigate any potential negative credit events and market dislocations that could adversely impact the strategy. In addition, the inverted yield curve provides better opportunity in shorter maturities. Therefore, we have reduced interest rate risk moderately by taking advantage of the higher yields in shorter maturities and reducing our exposure to lower yielding intermediate maturity bonds. The compensation for taking credit risk has declined further with the sharp rally in all non-Treasury bonds, which has us moderately reducing exposure to credit sensitive securities. Our risk controls and emphasis on down side protection are designed so the strategy can meet our clients' expectations for the role it plays as part of their fixed income allocation within a diversified portfolio.

Performance Disclosure: Long Term Fixed Income Composite

Year	— Composite Assets—			Composite Gross of Fees Annual Return (%)	Composite Net of Fees Annual Return (%)	BBgBarc U.S. Long Govt/Credit Bond Index (%)	Composite 3 Year Standard Deviation (%)	Index 3 Year Standard Deviation (%)	Composite Dispersion (%)	Total Firm Assets (Incl. Model Portfolios)* (\$Bil)	Total Firm Assets (\$Bil)
	Dollars (\$ millions)	% of Firm Assets	Composite Accounts								
2018	168	<1.0	2	-4.43	-4.72	-4.68	7.25	7.43	-	18.627	18.401
2017	181	2.6	2	11.63	11.29	10.71	7.97	8.09	1.42	7.284	6.995
2016	168	2.4	2	7.52	7.17	6.67	8.49	8.71	0.44	7.476	7.169
2015	300	4.1	3	-3.13	-3.57	-3.30	8.56	8.71	0.66	7.606	7.382
2014	326	3.5	3	17.99	17.47	19.31	8.19	8.18	0.25	9.596	9.373
2013	219	2.2	4	-8.05	-8.47	-8.83	8.77	9.12	0.98	10.009	9.794
2012	165	1.8	3	8.03	7.53	8.78	8.05	8.30	0.77	9.565	9.343
2011	110	1.2	3	20.59	20.08	22.49	8.21	9.11	-	9.389	9.101
2010	19	<1.0	1	12.80	12.30	10.16	-	-	-	8.989	8.711
2009	17	<1.0	1	7.30	6.81	1.92	-	-	-	8.038	7.837

*Number includes a portion of assets where Segall Bryant & Hamill does not have discretionary trading authority. This information is supplemental to fully compliant presentation.

- 1) Segall Bryant & Hamill is an independent investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Segall Bryant & Hamill provides fundamental investment management services to various institutional and private investors and mutual funds. Denver Investment Advisors LLC (aka Denver Investments) was acquired by Segall Bryant & Hamill on April 30, 2018. Prior to this date, performance results were achieved through the legacy firm, Denver Investments.
- 2) This composite was created in January 1983 (style inception was 5/1/1977). All returns are computed using a time-weighted total rate of return. The composite is defined to include all fee-paying, discretionary accounts that are managed according to the Long Term Fixed Income strategy. The composite includes all actively managed fixed income accounts that are managed to the Bloomberg Barclays U.S. Long Govt/Credit Bond Index and primarily invest in investment-grade securities with maturities more than 10 years. The Bloomberg Barclays U.S. Long Govt/Credit Bond Index benchmark is an unmanaged index that includes fixed rate debt issues rated investment grade or higher by Moody's Investors Services, Standard & Poor's Corporation or Fitch Investor's Service. Long-term indices include bonds with maturities of ten years or longer. Index returns are not covered by the report of the independent verifiers.
- 3) Gross of fee returns are calculated gross of management and custodial fees and net of transaction costs. Net of fee returns are calculated net of management fees and transaction costs and gross of custodian fees. As of 1/1/15, net of fee returns were calculated by deducting the maximum applicable advisory fee in effect, pro-rated on a monthly basis. From 1/1/08 to 12/31/14, net of fee returns were calculated by deducting the maximum applicable advisory fee in effect, pro-rated on a quarterly basis. Prior to this date, net of fees returns were calculated using actual annual client fees, pro-rated on a quarterly basis.
- 4) The dispersion of annual returns is measured by the standard deviation across unweighted portfolio gross returns represented within the composite for the full year. Dispersion is not shown for years in which only one account is present for the entire year.
- 5) Valuations and returns are computed and stated in U.S. dollars. Performance is calculated net of withholding taxes on foreign dividends and interest. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis. Total returns for accounts are presented using the accrual basis of accounting for all fixed income and equity investments and on a cash basis for all cash equivalents.
- 6) Segall Bryant & Hamill claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Segall Bryant & Hamill has been independently verified for the periods 1/1/84 – 12/31/16. Verification assesses whether the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Long Term Fixed Income composite has been examined for the periods 1/1/84 – 12/31/16. The verification and performance examination reports are available upon request. A complete list and description of all firm composites is available upon request.
- 7) The maximum fee rate is 0.30%. As of 3/31/2016, the maximum fee was decreased from 0.45% to 0.30%. Please reference Segall Bryant & Hamill's ADV for full fee schedule.
- 8) Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
- 9) Past performance does not guarantee future results and future performance may be lower or higher than the performance presented.